IMF to have power over Irish healthcare spending

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27 May 2013

In the wake of Ireland's ninth review under its €85 billion [$US 110 billion] bailout programme completed in early April, the International Monetary Fund (IMF) is to dictate health spending.

According to a leaked document from the European Union (EU) commission, the government in Dublin will now have to report monthly on healthcare spending to the "troika" of the EU, IMF and European Central Bank (ECB).

The move deepens the assault on basic social services in Ireland, which have already been subject to drastic cuts since 2008. It will effectively hand all power to the IMF to determine spending on the health service, including where and how savings are to be made.

Health has been one of the areas worst impacted by more than €28 billion in budget cutting since the onset of the crisis. In 2010 alone, overall spending on health in Ireland fell by 7.9 percent, according to the Organisation for Economic Co-operation and Development (OECD).

Last year, an emergency package of additional savings aimed at slashing a further €500 million on top of the cuts made in the 2012 budget was rushed through by the Irish government after the IMF identified health spending as unacceptably high. Nonetheless, the government still recorded an "overspend" of €300 million in the health budget, according to troika calculations.

Like all public sector workers, those in healthcare have been subject to pay reductions, longer working hours and staff cuts. Reports have surfaced of increased suicide rates among doctors and other health workers due to the mounting tensions under which they work.

In discussions on their new monitoring strategy, IMF officials were explicit in noting the need for deeper attacks on health budgets. Addressing the National Healthcare Conference in Dublin, IMF divisional chief Benedict Clements complained that Irish healthcare workers were "relatively well paid" compared to those in other countries, and that this was the main source of the government's budgetary problems in that area.

Turning to the measures necessary to drive down costs, Clements noted that "increasing competition and choice," i.e., widespread privatisation, were the most effective means of accomplishing this. He suggested that steps should be taken to limit the number of hospitals operating and restrict the ability of students to study medicine and related subjects. Such measures would result in a deterioration in healthcare for broad layers of the population, who would confront an increase in healthcare costs that could only be afforded by the wealthy.

In regard to the troika's latest review of government spending, concluded May 2, an IMF statement warned, "The strict implementation of Budget 2013 measures, including in the health sector, is essential to meet the Government's commitment to a 2013 deficit ceiling of 7.5 percent of GDP."

The troika's model for Ireland's healthcare system is Greece, where a functioning healthcare system barely exists. If a patient is fortunate enough to find a Greek hospital with the staff and equipment able to provide treatment, he or she must pay the full cost of medications upfront, as health corporations have refused to grant medical supplies to hospitals on credit due to the state's financial crisis. As a consequence, diseases long ago eradicated have re-emerged in Greece, including malaria.

The IMF report commented that the implementation of a monthly review of the health budget "should allow early detection of any slippage and timely corrective action." It went on to warn, "This is a first step in the right direction and should improve the chances of consolidation measures."

Such practices will not remain confined to the health sector. Increased monitoring of spending on all social services and welfare will be used to slash public spending after five years of austerity. During a visit to Dublin in March, IMF head Christine Lagarde noted that her organisation would continue strict monitoring of state spending until 2021.

Recent reports from the IMF and EU commission noted that even though the government had broadly implemented the originally agreed consolidation measures, the deepening economic slump could necessitate further cutbacks. The IMF estimated that if economic growth in Ireland remained at one percent, an optimistic figure given the contraction expected for the euro zone this year, state debt could rise to 140 percent of GDP by 2021, which the IMF described as "unsustainable."

Another area of concern in the report was the large quantity of bad property loans held by the banks. The IMF is urging the government to create specialist repossession judges, who would be tasked with approving a "potentially larger volume of repossession cases in an expedited manner."

According to the most recent figures, more than 25 percent of all Irish mortgage holders are in some form of arrears.

The Fine Gael-Labour coalition, like their Fianna Fáil-Green Party predecessors, have proven to be willing accomplices in the austerity drive. By 2015, they have committed to reducing the budget deficit from its current level of 7.6 percent to less than 3 percent, a cut of almost 5 percent in two years. Taking into account only the austerity measures currently planned and those that have already been imposed, a total of €33 billion of spending cuts and tax hikes will have been implemented by 2015, equivalent to fully 21 percent of the Irish economy.

The latest stage in this drive is the attempt to impose a further €1 billion in savings from the public sector pay bill over the next three years. Government officials are in talks with the trade unions on a revised package, after the initial proposal was decisively rejected by public sector workers last month. Troika officials are undoubtedly playing a direct role in these discussions, having arrived in Dublin only a week after the first deal was voted down to begin work on Ireland's tenth bailout review.

Pressure is mounting on the government from financial circles to reach a final decision on how the pay cuts are to be enforced. As a recent *Bloomberg* wire service article put it, "[Prime Minister Enda] Kenny has to decide on his next move. So far, he has said little beyond expressing disappointment with the result and maintaining savings still have to be found."

Commentators are discussing the need for a second bailout if a revised version of the Croke Park Agreement with the unions and the employers to cut wages, curb strikes and impose cuts cannot be implemented.